

Yarra Australian Smaller Companies Fund

Gross returns as at 30 September 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	-5.14	-2.68	-4.41	9.41	3.58	8.97
S&P/ASX Small Ordinaries Accumulation Index	-2.34	-0.53	-6.74	10.40	2.18	5.83
Excess return (before fees) [‡]	-2.80	-2.15	2.33	-1.00	1.40	3.14

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

Net returns as at 30 September 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	-5.20	-2.89	-5.22	8.48	2.71	8.05
S&P/ASX Small Ordinaries Accumulation Index	-2.34	-0.53	-6.74	10.40	2.18	5.83
Excess return (after fees) [‡]	-2.87	-2.36	1.53	-1.92	0.53	2.23

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

* Inception date Yarra Australian Smaller Companies Fund: August 2020.

[‡] Excess return: The difference between the portfolio's return and the benchmark return.

Market review

The Australian small-cap equities market retreated during the September quarter.

The S&P/ASX Small Ordinaries Accumulation Index returned -0.5% for the quarter, taking its 12-month return to -6.7%. The broader S&P/ASX 300 Accumulation Index returned +1.3%, whilst globally, the MSCI World Index delivered +1.8% for the quarter.

Materials (+6.8%) was the largest contributor as the gold price and commodity prices rose during the quarter. Vault Minerals (VAU, +43.9%), PDI Gold (PDI, +43.5%) and West African Resources (WAF, +37.1%) rose during the quarter.

Energy (+14.8%) contributed strongly, as the continued US-Iran conflict and the disruption of the Strait of Hormuz led to oil price increases. Gains were supported by Viva Energy Group (VEA, +58.2%), Amplitude Energy (AEL, +35.6%) and New Hope Corporation (NHC, +17.0%).

Consumer Staples (+2.4%) advanced, led by GrainCorp (GNC, +43.3%) and Elders (ELD, +26.1%).

Industrials (+0.1%) was broadly flat, with gains in MAAS Group Holdings (MGH, +33.5%) and Reliance Worldwide Corp. (RWC, +21.2%) offset by DroneShield (DRO, -29.8%).

Real Estate (-10.6%) was the largest detractor amid rising bond yields and a less supportive interest rate environment,

reflecting declines in PEXA Group (PXA, -35.0%), Centuria Capital Group (CNI, -34.5%) and Arena REIT (ARF, -30.4%).

Financials (-8.5%) declined, driven by Zip Co (ZIP, -37.4%), Pinnacle Investment Management Group (PNI, -21.0%) and Netwealth Group (NWL, -16.9%).

Information Technology (-4.7%) detracted as Weebit Nano (WBT, -53.5%) and Elsie (ELS, -31.7%) declined.

Communication Services (-5.3%) weakened, driven by Tuas (TUA, -24.7%), Superloop (SLC, -22.1%) and Nine Entertainment (NEC, -19.1%).

Health Care (-1.3%) declined, reflecting weakness in Regis Healthcare (REG, -32.2%) and Immutep (IMM, -28.3%), partially offset by Australian Clinical Labs (ACL, +31.6%) and Neuren Pharmaceuticals (NEU, +15.5%).

Portfolio review

Key Contributors

Cuscal (CCL, overweight) – the wholesale payments company outperformed during the period supported by a strong FY26 result and forward guidance which indicated FY27 earnings growth of around +25% y/y. We remain positive on the outlook for CCL with the core business having defensive low teens earnings growth annually with material additional earnings growth from the Indue and Paymark acquisitions. The business has high barriers to entry and relatively low

competition. Given the significant earnings growth over the next three years we expect the P/E multiple to compress to around 14-15 times.

Genesis Minerals (GMD, overweight) – the gold producer outperformed during the September quarter as gold prices rose 4% on lower bond yields and a weakening USD. We are attracted to GMD's strong organic growth profile, with the potential to more than double current production to 500koz by 2030. We see sound asset optimisation opportunities across the company's mines and milling capacity in the Leonora / Laverton district in WA. We are supportive of the recently announced merger proposal with peer Vault Minerals (VAU), as it will provide genuine operating synergies as GMD's large resource base can be processed through VAU's low cost KoTH mill.

Vault Minerals (VAU, overweight) – the West Australian gold miner outperformed during the September quarter as gold prices rallied 4% on softer US economic data driving bond yields lower and weakening the US dollar. We are attracted to the company's long-life, low-cost King of the Hills mine. We note VAU is currently subject to a scrip-based merger offer from peer Genesis Minerals (GMD) that will unlock material synergies given the co-location of key assets coupled with GMD's excess ore and VAU's excess processing capacity.

Key Detractors

Zip Co (ZIP, overweight) – the Buy Now Pay Later (BNPL) company underperformed during the quarter despite a strong FY26 and an above consensus FY27 outlook. The underperformance followed a similar retreat in US peers largely around concerns on the health of the consumer, despite strong sectoral operating trends. ZIP has maintained TTV growth, in excess of 40%, whilst managing down credit losses as new products such as 'Pay in 8' season and is well placed to participate in the structural growth of the US BNPL market.

Centuria Capital (CNI, overweight) – the diversified real estate fund manager came under pressure over the quarter following both press and confirmed company commentary around a credit exposure within Centuria Bass. Centuria Bass is a dedicated real estate credit manager, now 100% owned by CNI and accounting for a little over 10% of total business AUM. We remain focused and mindful of valuation and funding related risks across the real estate sector from both an equity and credit perspective.

Regis Healthcare (REG, overweight) – the small position in the stock came under significant pressure early in September following the announcement that government funding for the sector for the 12-month period ahead would come in well below both expectations, (Industry funding -2.55%) and cost growth. Notwithstanding this short-term set-back, we like the industry set-up on a multi-year view, with vacancy low and new aged care room supply expected to remain well below demand into the medium term, supporting the prospect for improved operating outcomes in the future.

Market Outlook

September was a more difficult month for growth assets as higher oil prices, rising sovereign yields and renewed central-bank tightening lifted the cost of capital. The S&P/ASX 200 Index fell 2.4% including dividends, underperforming global equities, while the MSCI World Index declined 1.2% in US-dollar terms. Australian investors received some protection from the weaker currency, with unhedged international equities outperforming hedged exposures.

Market leadership remained unusually narrow. US mega-cap technology and AI-related stocks supported the Nasdaq, but the broader S&P 500 Index eased and the Dow fell sharply. Europe and Australia lagged as higher discount rates pressured banks, resources, property and other cyclical or rate-sensitive sectors. The key signal was not a wholesale retreat from risk, but a market increasingly unwilling to look through higher funding costs.

Bond markets drove the cross-asset adjustment. Long-dated government yields rose across the United States, Europe and Japan as investors absorbed stronger data on activity, heavier fiscal borrowing and a less forgiving inflation outlook. The US dollar index gained around 2%, while the Australian dollar fell by 3.1%, amplifying offshore returns for unhedged Australian investors. Credit also weakened, as wider spreads compounded the rise in government yields.

Commodities reinforced the inflation shock. Brent crude rose more than 10% and traded above US\$100 a barrel as US-Iran tensions and uncertainty around Middle East supply intensified. Gold reversed part of August's surge, falling more than 6% as higher real yields and a stronger US dollar outweighed safe-haven demand. The combination of firmer energy prices and rising bond yields was particularly damaging for long-duration assets.

The Federal Reserve delivered its first increase in around three years, lifting the federal funds target range by 25 basis points to 3.75%–4.00%. The unanimous decision reflected resilient domestic spending, robust capital investment and elevated inflation. Chairman Kevin Warsh delivered a firm message: policymakers would act to deliver price stability and financial conditions were not restrictive, leaving markets to price in a meaningful risk of another increase before year-end.

The tightening was global. The European Central Bank (ECB) raised its deposit rate by 25 basis points to 2.50%, citing energy-driven inflation and an economy that was proving to be more resilient than expected. The Bank of Japan also lifted its policy rate to 1.25%, while the Bank of England held at 3.75%. Collectively, September marked a sharp reversal from earlier expectations that the next coordinated move by major central banks would be toward easing.

Locally, the Reserve Bank of Australia (RBA) unanimously raised the cash rate by 25 basis points to 4.60%, its fourth increase of 2026 and the highest rate since 2011. The Board judged that upside inflation risks were materialising through higher global energy prices, stronger-than-expected domestic inflation and persistent capacity pressures. Yet the late-cycle trade-off is becoming more severe: unemployment has risen to

4.6%, housing prices and new lending are weakening, and consumer spending is slowing. We expect growth to fall below 1% into early 2027. The RBA may retain a tightening bias, but September's move is likely to prove the final hike before an easing cycle begins around mid-2027.

As relative interest rates converge across the developed world and as the economic growth outlook tapers towards the end of 2026, the A\$ is expected to underperform. If our prediction for the RBA to commence easing around mid-2027 proves to be correct then not only will the A\$ depreciate more than most suspect, but a sector rotation in the equity market back towards interest rate sensitive sectors and away from commodity exposure is likely into the end of 2026 and first phase of 2027.

We are most overweight stocks in the Financials, Health Care and Information Technology sectors and are underweight Materials, Industrials and Energy.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	2.59	4.82	-2.23
Consumer Discretionary	9.61	8.73	0.88
Consumer Staples	1.73	4.04	-2.31
Energy	2.70	5.47	-2.77
Financials	20.76	11.34	9.41
Health Care	8.91	5.09	3.81
Industrials	11.72	17.08	-5.35
Information Technology	8.84	5.52	3.32
Materials	17.89	28.42	-10.53
Real Estate	10.20	9.48	0.71

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Cuscal	4.16	0.39	3.76
Vault Minerals	4.15	2.11	2.05
Breville	4.05	1.02	3.03

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Cuscal	4.16	0.39	3.76
Auckland International Airport	3.91	0.83	3.08
Breville	4.05	1.02	3.03
Underweights			
Ventia	0.00	1.70	-1.70
Reece	0.00	1.45	-1.45
Emerald Resources	0.00	1.38	-1.38

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Features

Investment objective	To achieve medium-to-long term capital growth by investing in a diversified portfolio of smaller Australian companies. In doing so, the aim is to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3-year periods.
Recommended investment time frame	5 - 7 + years
Fund inception	August 2020
Fund size	A\$146.3 mn as at 30 September 2026
ARSN code	642 665 263
Estimated management cost	0.85% p.a.
Buy/sell spread	+/- 0.30%

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